DOCUMENT RESUME

ED 244 396 EA 016 842

AUTHOR	Doyle, Denis P.; Hartle, Terry W.
TITLE	The "Safety Net" after Three Years: Income Maintenance and Redistribution Programs in the Regan Administration: Education.
INSTITUTION	American Enterprise Inst. for Public Policy Research, Washington, D.C.
PUB DATE	6 Dec 83
NOTE	72p.; Prepared for American Enterprise Institute Public Policy Week. Inside cover title: A President Goes to School: The Reagan Administration's First Three Years with the Department of Education.
AVAILABLE FROM	Publications Sales, American Enterprise Institute for Public Policy Research, 1150 17th Street, N.W., Washington, DC 20036 ($2.00).
PUB TYPE	Reports - Evaluative/Feasibility (142)
EDRS PRICE	MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	*Block Grants; *Educational Finance; Elementary Secondary Education; Federal Aid; *Federal Government; *Federal Regulation; Higher Education; Private Schools; Special Education; State Federal Aid; *Student Financial Aid; Tax Credits; Tuition
IDENTIFIERS	Education Consolidation and Improvement Act 1981; National Commission on Excellence in Education; National Institute of Education; Omnibus Reconciliation Act 1981; *Reagan Administration; Social Security Benefits; Supreme Court

ABSTRACT

Assessing the Reagan Administration's first 3 years in office, this paper evaluates the administration's inability to enact its education agenda, which included reductions of federal regulations, cuts in education spending, tuition tax credits, prayer in the public schools, and abolishing the Department of Education. The consolidation of programs into a single Block Grant called Chapter II and the consolidation of Title I programs in Chapter I eliminated many of the strings that governed state and local use of federal funds. Ironically, reduction of regulatory requirements has moved the government closer to federal support for education. Another legislative change reduced student eligibility under the Guaranteed Student Loan Program (GSL). The administration has successfully reduced federal education spending. Between 1980-84 educational appropriations (when adjusted for inflation) fell by 14.5 percent over all categories. Reforming education regulations proved difficult, and little has been accomplished. Except for the Chapter I program, consolidation has been unsuccessful. Tuition tax credits were rejected by the Senate. Plans to restructure financial aid were never seriously considered, and the Department of Education remains in existence. Overall, education policy under President Reagan has changed very little, and the federal role in education looks very much as it did under the past four administrations. (Author/MD)

ED244396

American Enterprise Institute
Public Policy Week

THE "SAFETY NET" AFTER THREE YEARS:

INCOME MAINTENANCE AND REDISTRIBUTION PROGRAMS IN THE REAGAN ADMINISTRATION

EDUCATION

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and Terry W. Hartle, E.T.S.

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A PRESIDENT GOES TO SCHOOL:

THE REAGAN ADMINISTRATION'S FIRST THREE YEARS WITH

THE DEPARTMENT OF EDUCATION

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December 6, 1983
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The opinions expressed in this essay are solely those of the authors and do not necessarily reflect the views of the trustees, scholars, or staff of the American Enterprise Institute or Educational Testing Service.

ABSTRACT

The Reagan Administration entered office with an ambitious domestic policy agenda. Federal aid to education was targeted for substantial reductions. Among its specific ideas, the Administration proposed to reduce federal regulation, cut spending, enact a program of tuition tax credits, restore school prayer, and abolish the Department of Education. This paper assesses the Administration's record after nearly three years in office.

Clearly there have been changes in federal education support. Under the terms of the Budget Reconciliation Act of 1981, the Congress consolidated a number of very small categorical programs into a single block grant (Chapter II of the Education Consolidation and Improvement Act). At the same time, the Congress eliminated many of the categorical strings that governed state and local use of money provided under Title I of the Elementary and Secondary Education Act. (The new law was renamed Chapter 1 of the Education Consolidation and Improvement Act).

Another set of legislative changes reduced student eligibility under the Guaranteed Student Loan program (GSL). (Pp. 12-20) While these changes were important shifts in federal education aid, they fell short of the comprehensive revisions the Reagan Administration had proposed.

The Administration has been successful in reducing federal education spending, in real if not nominal dollars. Between 1980 and 1984, federal education appropriations increased from $14.1 billion to $15.4 billion, an increase of nine percent. Much of this growth took place in the Guaranteed Student Loan program, which, despite program changes in 1981, has required sharply higher federal appropriations. When appropriations for this program are excluded from total education spending, the increase in federal aid is reduced to less than five percent.

When adjusted for inflation, however, appropriations have fallen for all categories of education spending. The reduction in total appropriations is 14.5 percent for all programs and 17.9 percent if the GSL program is excluded. For the major elementary and secondary programs, spending in constant dollars has dropped 20.6 percent. For postsecondary programs, appropriations are down by 3.2 percent, a decline that includes the growth in the GSL program. (Pp. 25-27)

In other areas, the Administration has been unsuccessful in achieving its policy objectives. Reforming education regulations proved extremely difficult and little has been accomplished. (Pp. 27-31) Program consolidation was also difficult and, with the exception of Chapter 1, unsuccessful. Tuition tax credits were decisively

rejected by the Senate in November 1983. Plans to completely restructure student financial aid were never seriously considered on Capitol Hill. The Department of Education, the symbol of the federal role in education, remains in existence.

There are several ironies in the Reagan efforts. First, although committed to diminishing the federal presence in education, the Reagan Administration has succeeded in making education a national concern of the highest priority. Moreover, some of the Reagan efforts may well have laid the groundwork for future expansion in the federal role. By reducing the regulatory requirements that formerly governed Title I and by creating the Chapter 2 block grant, the Administration has moved the federal government one step closer to general federal support for education, an objective long pursued by national education interest groups.

Taken together, however, education policy under President Reagan has changed very little, however. Congress, at the Administration's urging, has tapped the brakes of federal education support, but has refused to accept wholesale changes. Today, nearly three years after taking office, any mandate for change, or any opportunity for further change, is gone. In basic outline, the federal role in education looks very much as it did under Presidents Johnson, Nixon, Ford, and Carter.

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INTRODUCTION This essay is a part of AEI's project to evaluate the Reagan Administration's record in the area of domestic "income maintenance" programs, for its first three years in office. It is designed to review the original 1981 proposals in major program areas, comparing them to the programs as they existed at the end of the Carter Administration. Each of the major domestic program areas--health, housing, education, welfare, social services, nutrition, employment and training--is examined in the AEI study.

Emphasis on the needs of the poor, and the fate of government programs designed to help them, is of special interest in 1983-84, both because of the impending election and the Reagan Administration's announced determination to provide a safety net even as domestic spending cuts were proposed. But in the world of education the issue is not so starkly cast as it is in health, nutrition, and housing. Indeed, from a theoretical standpoint, one would expect to find only a limited set of activities specifically geared to the needs of the poor. Poverty and educational problems are not on their face synonymous. Although the overlap between low academic achievement and low income is high, it is not complete.

In the abstract, then, education programs might have been designed around pedagogical criteria, only incidentally related to questions of poverty. Indeed, in the 50 states, education programs are so designed, and emphasis on poverty criteria is slight.[1]

Emphasis on the pedagogical dimensions of education (as distinct from the impact of poverty) was not the tradition of the federal role in education, however. As it turns out, much of what the federal government does in education, while not "means tested" in a strict sense, is tied to income. Indeed, the largest and most well known federal education programs are tied to income. For example, initial eligibility determination for Title I of the Elementary and Secondary Education Act (ESEA) and many postsecondary student aid programs (such as Pell Grants) are means tested.[2]

While not all education progrms are means-tested, the government's contemporary involvement in education is so closely tied to poverty that for the purposes of this essay we examine the Reagan education program in its entirety. To do so only enlarges the terrain by a small amount--for example, the work of the National Institute of Education (the Department of Education's research arm) and the National Center for Education Statistics (the Department's data-gathering arm) does not directly relate to the question of poverty. But their aggregate budgets are only a tiny fraction of the total federal expenditure on education. (Indeed, during the Carter years NIE was very much concerned about poverty. Carter's NIE Director, Patricia Graham, asserted that the Institute's mission was to conduct research that would have the effect of so altering education practice that race, gender, and poverty would no longer predict educational outcomes. An ambitious program, that.)

* * * * *

BACKGROUND The Reagan Administration entered office with the most ambitious domestic policy agenda in recent history. Education, like almost every domestic issue, was targeted for substantial reductions. Breaking continuity with every President since Truman, the Reagan Administration proposed to decentralize much of what the federal government had historically done and ironically, took two new initiatives that would have had the effect of significantly increasing the federal role. To preserve local control and reduce disagreeable federal meddling, the Reagan Administration proposed to do away with the Department of Education, reduce the central government's regulatory demands and burdens, rationalize and streamline those programs it continued to support, eliminate certain objectionable programs outright, and cut the education budget.

In contrast to the efforts to simply decentralize education, the Reagan Administration advanced two ideas to increase the federal role: one would permit prayer in the nation's classrooms; an equally significant change would be enactment of tuition tax credits for families whose children attend private school.[3]

I short, the Reagan Administration had mixed policy objectives in education; as a consequence, impressions about the impact of the Administration's first three years are varied. Perhaps the most enduring impression is also the most appropriate, for it is the expression of a consummate political irony. Committed to returning education to its community roots and significantly diminishing the federal role, this Administration has made education a national issue of the first priority.

Considered the most anti-education President of recent history, Ronald Reagan has turned the nation's attention to education in a way no predecessor was able to do. That these consequences were unintended makes them no less important. Indeed, for the first time since the Great Society the right education issues are before the public: what are education's larger purposes in a post-industrial democracy? What should its discrete objectives be in terms of performance and measurement? How should education be financed? Which taxes at what level of government are most appropriate? How can the quality and capacity of the teaching force be improved? Is the contemporary bureaucratic model of education, characteristic of almost every school district in the nation, appropriate to the late twentieth and early twenty-first century? And perhaps most important, what is the appropriate locus of decision-making in the education process?

Three years ago, when the Presidential election was in its final days, no one would have expected these issues to surface. Even less would they have expected education to emerge as a major issue for the 1984 Presidential campaign. And least of all would anyone have expected Ronald Reagan to have seized the education high ground, putting his Democratic opponents on the defensive. It is a performance worth pondering.

In this paper we will review what the Reagan Administration proposed, how Congress has responded, and the effect the changes have had on state and local governments and educational institutions. This is not a simple undertaking. What the Administration has attempted to do in higher education is quite different from what it sought to do in elementary/secondary, vocational, or bilingual education. Moreover,

the programs themselves are diverse: some are multi-billion dollar efforts such as Title 1 (now Chapter I) and Pell Grants, while others are small, almost invisible, efforts aimed at very specific targets. As a result, before examining what the Reagan Administration has done, it is necessary to summarize the contours of federal education aid and review the criticisms that surrounded it when President Reagan took the reins of federal government.

* * * * *

MOVING IN: THE REAGAN ADMINISTRATION SETS ITS EDUCATION AGENDA

The origins of federal education support can be traced to 1785, but most of the growth in federal aid occurred in the 20th century.[4] The Smith-Hughes Act of 1917 authorized appropriations for vocational education and a number of subsequent enactments deepened the federal commitment.[5] The Servicemans' Readjustment Act of 1944, popularly known as the GI Bill of Rights, provided financial aid to encourage veterans to pursue higher education.[6] During the Korean War the Congress enacted a small program known as Impact Aid designed to compensate local school districts for property tax revenues lost and educational expenses incurred by the presence of federal military installations.[7] The passage of the National Defense Education Act in 1958 was designed to help America meet the challenges presented by the Soviet Union's launching of the first space satellite.

Despite the importance of these measures, it was not until the 1960s that federal aid to education grew rapidly. In 1963, partly in response to President Kennedy's assassination, the Congress passed

both the Vocational Education Act (VEA) and the Higher Education Facilities Act.[9] In 1965, Congress passed the Elementary and Secondary Education Act (ESEA) which provided billions of dollars for economically and educationally disadvantaged children.[10] Later that same year Congress enacted the Higher Education Act (HEA) which provided Guaranteed Student Loans (GSLs), Work-Study funds, and Supplemental Educational Opportunity Grants (SEOGs) to students enrolled in colleges and universities.[11] Both measures are landmarks: Title 1 of ESEA is the centerpiece of federal aid to elementary and secondary education, and the HEA occupies a similar position with respect to postsecondary education.

More federal programs were established in the 1970s. The Higher Education Amendments of 1972 created the Basic Educational Opportunity Grants (BEOGs) which established the principal that the federal government would help any qualified but financially-needy student meet the cost of college.[12] Also in 1972, the Congress created, at President Nixon's urging, the National Institute of Education (NIE) to conduct a program of education research, and the Emergency School Assistance Act (ESAA) to help school districts meet some of the costs associated with desegregating their classrooms.[13] The Education of All Handicapped Children Act of 1975 mandated significant changes in the education of handicapped children.[14] The Vocational Education Amendments of 1976 expanded the federal role in vocational education and required that more attention be given to the needs of special groups of pupils such as the handicapped, women, and disadvantaged.[15]

Higher education programs were expanded sharply in 1978 when the Congress, following President Carter's request, enacted the Middle

Income Student Assistance Act.[16] Designed in large part to prevent enactment of a tuition tax credit bill, this law greatly broadened eligibility for federal financial aid by allowing any student, regardless of family income, to borrow money under the Guaranteed Student Loan Program. Access to federal financial assistance was further expanded when Congress passed the Higher Education Amendments of 1980.[17]

The most important feature of the federal education agenda as it emerged in the last two decades is its focus on equity issues, weaving together strands of race, poverty, gender, ethnicity, and handicapping condition. In traditional education terms--pedagogy, measurement, curriculum, classroom management--the federal agenda was "content free." Its purposes were to assist the dispossessed by using the school as the service delivery institution. And succeeding Presidents shared this view: Presidents Nixon, Ford, and Carter faithfully put more money into education without significantly changing the shape or purpose of the basic programmatic structure. Indeed, the few exceptions further enlarged the federal role: President Nixon's commitment to research as a national strategy to improve education; President Ford's (reluctant) signature on the Aid to All Handicapped Children legislation (P.L. 94-142), and President's Carter's creation of the Department of Education as well as his temporarily successful attempt to expand eligibility for postsecondary financial aid to the middle class.

Interestingly, each of these ventures was surrounded in controversy. Nixon's National Institute of Education was a conceptual breakthrough because it suggested that the federal government could,

by sponsoring research, help find the answers to America's educational problems. Racked by problems throughout its existence, however, today the NIE is only barely alive.[18]

Aid to the Handicapped, although an extension of earlier federal policies, represented a quantum leap in the prescriptiveness of education aid. Alone among federal education programs, P.L. 94-142 is not conditional. Because the law is cross-referenced with a major civil rights mandate (Section 504 of the Rehabilitation Act of 1973), states and localities must comply whether or not they take federal money. Accordingly, states and localities must supply substantial funding and reorganize classroom practice to meet federal program standards, because the federal government refused to fund more than a minimal portion of the law's costs.

Carter's MISAA plan (Middle Income Student Assistance Act) was doomed from the start. Created for the wrong reason (to derail enactment of tuition tax credits) even the most ardent supporters (in moments of candor) recognized it as wretched excess. Evidence that things were getting out of hand occurred when a Money magazine article said, correctly, "even a Rockefeller can get a school loan at 9 percent interest." The final straw was an article in Better Homes and Gardens touting GSL funds as a source of assistance for home remodeling.[19]

As federal aid to education grew in the 1970s, so did complaints about its inflexibility and intrusiveness. Some state and local officials had become critical of federal aid, citing the paperwork it generated, the administrative burden it created, and the prescriptiveness it often entailed. At the postsecondary level, institutional

officials questioned whether federal aid had become overly intrusive. In 1975, for example, Columbia University's William McGill spoke disapprovingly of the "myriad pedantic and sometimes contradictory requirements imposed by government regulation," the "continuing swirl of adversary conflict," and the "formidable bureaucracy that must be served with a constant diet of reports and data."[20]

Federal money was, of course, rarely refused, but throughout the 1970s the criticisms mounted.[21] The concern reached a new height during the 1979 debate over the creation of a U.S. Department of Education. While supporters of the proposed department argued it was necessary to focus federal attention, opponents portrayed the new agency as a Trojan horse, bearing rules, regulations, and paperwork that would threaten the independence of school districts and colleges alike.

A major problem facing federal officials was escalating cost. Federal expenditures for elementary and secondary education increased from $2.4 billion in 1968 to $6.7 billion in 1981.[22] Higher education appropriations jumped from less than $500,000 to $6.3 billion during the same time period.[23] Indeed, when President Reagan was inaugurated, higher education costs were one of the fastest increasing components of the federal budget, the product of the liberalized eligibility provisions enacted in 1978.

Confronted by this evidence, and encouraged by its own predilections to reduce the federal government's presence in American society, the Reagan Administration set an ambitious agenda for reforming federal aid to education. According to the 1980 Republican platform, the Administration would:

> ...restore common sense and quality to education...replace the crazy quilt of wasteful programs with a system of block grants...support deregulation by the federal government of public education...encourage the elimination of the Department of Education...restore prayer in public schools...halt forced busing...enact tuition tax relief into law...clear away the tangle of regulation that has driven up college expenses and tuition.[24]

The Heritage Foundation provided a more specific blueprint for reshaping federal aid. Their 1981 report, Mandate for Leadership, proposed:

> ...restructuring (programs) to shift educational decision-making back to the state and local levels and to eliminate most of the enormous paperwork and administrative burden (163),...a substantial reduction in (Department of Education) personnel (164),...a change in the policy and personnel in the Office of Civil Rights,...replacing ESEA with a system of block grants (175)...or vouchers (177),...drastically cutting the budget for the Women's Education Equity Act (180),...and reducing the administrative costs of regulations and grants, with particular attention to "social justice" requirements found in Section 504 of the Rehabilitation Act of 1973 (access to facilities by the handicapped), Title IX of the education Amendments of 1972 (educational equity, and Executive Order 11246 (affirmative action).[25]

Heritage did not take a position on the Department of Education. They wrote "the status of the agency as a Cabinet department is less critical to a new administration than the overhaul of federal education policy."[26] Others had stronger views. In December 1980, for example, Presidential Counselor Edwin Meese told the U.S. Chamber of Commerce that the Department of Education was "a bureaucratic joke" and reiterated the President's commitment to eliminating it.

Upon taking office, the Administration moved to give shape and structure to its agenda. Guided by OMB Director David Stockman, the Reagan Administration moved quickly and rewrote the fiscal year 1982 budget submitted by the outgoing Carter Administration. On February 18, 1981, President Reagan released A Program for Economic Recovery, a

blueprint for reshaping the federal budget.[27] This document outlined a set of sweeping changes intended to alter federal expenditure, tax, regulatory, and monetary policies. One set of proposals, entitled "Slowing the Growth of Government Spending," was aimed at the federal government's domestic policy activities.

The Administration laid out a series of "guidelines" to help identify areas for budget cuts. The guidelines included:

- Preserving the social safety network of programs for the needy.
- Reducing subsidies to middle- and upper-income groups.
- Reducing overhead and personnel costs to the federal government.
- Applying sound economic criteria to subsidy programs.
- Consolidating categorical grant programs into block grants.

Only one education program--Head Start--was to be preserved as part of the Administration's safety net.[28] Almost all other education programs were targeted for varying degrees of policy changes and/or budget reductions. Some of the proposed modifications were adopted in the Budget Reconciliation Act of 1981, others are still under consideration, and some have been abandoned. It is, however, to the initial budget proposals and their resolution that we first turn our attention.

* * * * *

THE 1983 BUDGET: REQUEST AND RECONCILIATION

Responsibility for submitting the fiscal year 1982 budget fell to the outgoing Carter Administration. On January 15, 1981, President Carter submitted a budget requesting a total of $17.0 billion in appropriations for education programs for fiscal year 1982, $2.4 billion more than he requested for 1981. While the Carter budget generally preserved existing programs, it did propose a substantial reduction in the Impact Aid program and a tightening of eligibility for the Guaranteed Student Loans.

Proposals to reduce Impact Aid costs were not new--every President for the last two decades has suggested reducing expenditures for this program, inevitably without success. Reductions in the GSL program was a new idea, but one that was clearly necessary. Following the broadening of eligibility in the Middle Income Student Assistance Act, federal program costs rose from $500 million (in 1978) to $2.5 billion in 1981. Unless checked, the volume of loan guarantees was expected to reach $10 billion in 1982.[29]

The Carter Administration outlined a series of changes designed to reduce outlays. They proposed: (1) limiting loans to a student's remaining financial need after all other financial assistance and expected family contribution had been calculated, (2) eliminating the in-school interest subsidy, and (3) creating a new program of unsubsidized loans for parents.[30]

Upon taking office on January 20, 1981, the Reagan Administration abandoned the Carter budget. On February 5, 1981, President Reagan warned of an "economic calamity of tremendous proportions" if his

economic program were not adopted. Two weeks later, Reagan presented Congress with his "Program for Economic Recovery" and, on March 10, the Administration released the Fiscal Year 1982 Budget Revision.[31] These documents were the roadmaps for the Administration's efforts to reduce the size and activities of the federal government. Almost all areas of the federal budget were targeted for changes. In a few cases, generally in the Department of Defense, the Administration outlined increases in federal spending. However, in domestic social policy, budget cuts were the rule.

Education was no exception. The Reagan budget proposed spending $13.0 billion at the Department of Education in FY 1982, $4.0 billion less than Carter requested. In addition, it called for widespread rescissions in the FY 1981 budget--reductions that would be felt by educational institutions in the 1981-82 school year.[32] The suggested changes--and the eventual results--for both elementary/secondary and higher education are briefly described in the following sections.[33]

ELEMENTARY/SECONDARY PROPOSALS The centerpiece of the Administration's 1982 budget was a plan to consolidate many categorical programs into a block grant. While the budget outlined the Administration's ideas, it was not until late April that the details became available. The Administration suggested consolidating 44 elementary and secondary programs into two packages totalling $4.4 billion. The bill would have repealed seven laws, including Title 1 of ESEA and most of the Education for All Handicapped Children Act (P.L. 94-142). It also repealed existing planning and evaluation provisions, fiscal controls, program regulations, and

reporting requirements. In addition, fiscal requirements that many state and local officials found onerous--such as maintenance of effort, comparability, supplement not supplant, excess costs, and matching provisions--were to be eliminated. Finally, there were no required advisory committees or procedural mandates for program planning or administration.

The bill required that benefits be directed to one or more of the groups of students with special needs served under existing legislation--the educationally deprived, handicapped, students involved in desegregation, adults lacking basic education, neglected and delinquent children, and migrant youth. Funds were to be used only for the same activities as under existing programs. Importantly, however, the proposal did not require that services be provided for any one or all of these groups--merely that one or more groups benefit.

The Reagan plan was divided into two parts: Title I, Financial Assistance to Meet Special Needs; and Title II, Financial Assistance for Improvement of School Resources and Performance. Title I was allocated $3.8 billion, with the vast majority of the money to be distributed directly to local school districts. Title II, which provided $565 million to the states, consolidated 38 small categorical programs into a single award. Funds under this title were to be used to encourage academic excellence through effective instructional and management practices, improve student achievement, increase opportunities for educational services for students with special needs, and strengthen state oversight and management functions.

On May 5, the Administration's block grant proposals were formally introduced as S.1102 by Senator Orrin Hatch (R-Ut.), chairman of

the Senate Labor and Human Resources Committee. Hearings were held by the Senate Subcommittee on Education, Arts and Humanities on May 7-8, and, on May 20, a companion bill (H.R. 3645) was introduced in the House of Representatives by Rep. John Erlenborn (R-Ill.).

A number of other suggested changes would have further reduced federal education aid. For example, the Reagan Administration accepted the Carter Administration's recommendation for cutting Impact Aid and eliminating the Youth Conservation Corps. Vocational education was targeted for a 15 percent reduction from the Carter request.

Budget reductions in other departments would also have significantly affected federal support for education. For example, the Administration proposed to eliminate the public service employment programs of the Comprehensive Employment and Training Act (CETA) and reduce eligibility for the food stamp and child nutrition programs. Although technically these are not education programs, they do have an important effect on elementary and secondary schools, especially in urban areas.

ELEMENTARY/SECONDARY RECONCILIATION RESULTS President Reagan signed the Omnibus Budget Reconciliation Act of 1981 into law on August 13, 1981.[34] Politicians and journalists alike called it a dramatic triumph for the new administration. Representative James R. Jones, the Democratic chairman of the House Budget Committee, called it "the most monumental and historic turn-around in fiscal policy that has ever occurred."[35] Senator Pete V. Domenici, Republican chairman of the Senate Budget

Committee, said it was the "single most heroic effort at controlling federal spending in the nation's history."[36]

Certainly the Reconciliation Act provided for several major changes in the structure and administration of federal education programs. Perhaps the most dramatic modifications were the consolidation of many small categorical programs into a single block grant and the redesign of the Title I of the Elementary and Secondary Act. Both were adopted when, as part of the Reconciliation Act, Congress created the Education Consolidation and Improvement Act (ECIA) of 1981. While ECIA was clearly consistent with the Administration's interest in block grants, it included none of the major programs the Administration wanted to consolidate, nor did it eliminate as many regulatory strings as they suggested.[37]

Chapter I of ECIA basically continues ESEA Title I by providing financial assistance to state educational agencies (SEAs) and local education agencies (LEAs) for the special needs of educationally deprived children. The new law, however, eliminates most regulatory requirements except those related to fiscal accountability. According to the legislation,

> The Congress declares it to be the policy of the United States to continue to provide financial assistance to state and local educational agencies to meet the special needs of educationally deprived children,...but to do so in a manner which will eliminate burdensome, unnecessary, and unproductive paperwork and free the schools of unnecessary federal supervision, direction and control...Congress...finds that federal assistance [for education] will be more effective if education...personnel are freed from overly prescriptive regulations and administrative burdens which are not necessary for fiscal accountability and make no contribution to the education program.[38]

Like old ESEA Title I, Chapter I requires local school systems to: (1) use federal aid as a supplement to state and local resources,

(2) assure comparable services between recipient and non-recipient attendance centers, (3) maintain fiscal effort and keep records for fiscal audits and program evaluations, (4) consult with parents and teachers about program design and implementation, and (5) provide services to private school students. Yet, as a general rule, Chapter I gives school systems substantially greater leeway in administering legislative intent than under ESEA Title I. Among other things, there are fewer reporting requirements, comparability is defined less stringently, and schools are given greater flexibility in selecting student beneficiaries.

Chapter II represented an even greater departure from the status quo. Under this measure, some 29 previously separate categorical grants are consolidated into one simplified program. Programs affected included: parts or all of old ESEA Title II, III, IV, V, VI and IX; the Alcohol and Drug Abuse Education Act; the Teacher Corps Program of the Higher Education Act; Follow Through; pre-college science teacher training of the National Science Foundation; and the Career Education Incentive Act.

The provisions of Chapter II are grouped into three program subchapters--basic skills development, educational improvement and support services, and special projects--and two general subchapters: the Secretary of Education's discretionary fund and general provisions. The SEAs and LEAs are to determine specific educational needs and priorities among the program subchapters. States are required to design a formula for distributing Chapter II funds with the assistance of an advisory committee appointed by the governor.

Chapter II requires both the SEA and LEA to submit applications for funds for a period not to exceed three years. The law includes a by-pass procedure to assure that private school students are served under both chapters.[39] In addition, the application requirements include assurances regarding systematic consultation with parents, teachers, and school administrators regarding program planning and implementation; and the maintenance of records required for fiscal audits and program evaluation. Finally, plans must describe the allocation of funds among the program subchapters (basic skills, educational improvement and support services, and special projects). Despite this last provision, states and local education agencies have almost complete discretion in deciding how to spend the funds.

Legislative change, however, did not end with the ECIA. The Reconciliation Act also revised several other programs that Reagan had sought to modify, including child nutrition, CETA, Impact Aid, and Vocational Education. Funding for child nutrition programs was reduced, chiefly by lowering income eligibility limits for students receiving federally subsidized meals. Public service jobs authorized by CETA (TItles II-D and VI) were eliminated and funding for several other CETA programs such as youth training was reduced. Impact Aid funding for part "B" students (children whose parents either live or work on federal property, but not both) was eliminated after fiscal year 1984, and appropriations for the program were reduced from $682 million in FY 1981 to $456 million in FY 1982. Finally, funding for the Vocational Education Act was reduced, but not nearly as much as the Administration had urged.[40]

HIGHER EDUCATION PROPOSALS The Administration's higher education proposals were less dramatic than those in elementary/secondary education, in part because they did not urge a fundamental restructuring of the programs. In addition, the most important proposals--to reduce eligibility for Guaranteed Student Loans--were merely adopted from the Carter budget.

Eligibility changes were also requested for the Pell Grants. The Administration proposed to target Pell Grants more specifically on the "truly needy," increase the amount of discretionary income that families must contribute to meeting college costs, and require a $750 self-help contribution from the student before students could receive a Pell award.

Non-education programs with higher education provisions were also targeted. Social Security benefits to college students whose parents received Social Security were to be eliminated. This program, begun in 1965 at a cost of $165 million, was projected to cost $2.0 billion in 1981, making it the third largest student assistance program. The Administration argued that benefits under this program often went to middle- and upper-income students because eligibility was not tied to financial need. Moreover, since the size of the student's award was tied to the parents' Social Security entitlement, the higher the parents' earnings the higher the student's benefit. Phasing out of this program had been encouraged, unsuccessfully, by Presidents Carter and Ford.

Finally, the Administration proposed to cut in half the budgets of the National Endowment for the Arts and National Endowment for the Humanities. Policy changes and budget reductions were also proposed for veterans' education benefits.

HIGHER EDUCATION RECONCILIATION RESULTS The Reconciliation Bill contained one of the Administration's two main proposals for curbing the GSL program. As the President urged, the Congress established a "needs test" limiting GSL loans to the amounts needed to cover educational costs. However, the test applied only to students from families with incomes over $30,000 a year, not all borrowers, as the Administration had wanted. The suggestion to eliminate the in-school interest subsidy had little support and was not seriously considered. But the Congress did impose a five percent origination fee on each new guaranteed loan, so that a student needing a $2,000 loan would have to pay a fee of $100.[41]

Congressional action also imposed appropriations limits on the Pell Grant program for the first time. The Department of Education was authorized to modify Pell Grant regulations so that the appropriations ceiling would not be exceeded. In addition, the Act set authorization levels for the "campus-based" student aid programs (College Work-Study, Supplemental Educational Opportunity Grants, and National Direct Student Loans) at their fiscal year 1980 levels for the next three years, effectively foreclosing growth in these programs through 1984.

Finally, Social Security benefits for students were eliminated, with no new recipients after June 1982. For students still in the program, benefits would be reduced by 25 percent annually until all benefits end in fiscal year 1985.

FURTHER 1982 BUDGET REDUCTIONS On September 24, 1981, President Reagan proposed additional budget cuts to keep the federal deficit from growing. (At this point, unbelievable as it sounds now, the Administration projected a $22.9 billion deficit in fiscal year 1983 and a balanced budget in fiscal year 1984.) The centerpiece of the proposal was a 12 percent across-the-board cut in discretionary non-defense programs. The Administration also proposed to reform several entitlement programs and to revise the tax code to "eliminate abuse...and enhance tax collections."[42] One change was the elimination of the in-school interest subsidy from the Guaranteed Student Loan Program.

Congress rejected the changes in the Guaranteed Student Loan program and, in November 1981, agreed to cut domestic discretionary programs by two percent. The White House found the congressional efforts insufficient, and on November 23 the President vetoed the measure. His veto left government agencies without legal authority to operate, except for "essential activities such as defense and law enforcement." As a result, many federal agencies, including the Department of Education, closed for the day. Eventually, the Congress and the White House were able to agree on a continuing resolution which reduced domestic spending nearly $4 billion, largely by imposing a four percent across-the-board reduction in most domestic programs.[43]

The Congress, nearly a year later, overturned this reduction when it enacted a Supplemental Appropriation. This measure, passed over President Reagan's veto, rejected the Administration's request for

fiscal year 1982 rescissions and added substantial funds for education programs, especially student assistance.[44]

* * * * *

THE 1983 BUDGET In the fiscal year 1983 budget the Reagan Administration made clear its vision of the federal role in education:

> The Administration believes that federal involvement [in education] should return to its more traditional minimal levels. The budget includes proposals that would restore a more appropriate federal-state regulatory balance and would substantially reduce the Federal regulatory burden imposed on states and localities...Significant reductions in funding for almost all programs are also requested.
>
> The creation of the Department of Education symbolized the progressive intrusion of the Federal Government into an educational system that has drawn its strength from diversity, adaptability, and local control. Legislation is being transmitted to abolish the Department of Education, form a Foundation for Education Assistance, and transfer several programs to other agencies whose missions are more appropriate for these activities...
>
> Federal spending for 1983 is expected to continue its decline from the excessive levels reached in recent years....[45]

For fiscal year 1983, the Administration recommended $10.0 billion in appropriations, $3.0 billion less than they originally proposed in 1982. The most visible proposal in the 1983 budget was the request to abolish the Department of Education, create a much smaller Foundation for Educational Assistance, and distribute many programs to other Cabinet agencies. The Administration also called for appropriation reductions for almost all education programs. Among elementary/secondary programs, the suggested budget cuts included: Chapter II (a reduction of $870 million from their March 1981 request for the FY 1982 budget); Chapter II ($130 million); Indian Education ($30

million); Impact Aid ($40 million); Education of the Handicapped ($45 million); Vocational and Adult Education ($219 million).

Substantial changes were recommended for postsecondary education. The Administration proposed to cut Pell Grants from $2.4 billion to $1.4 billion. The maximum student award was to be reduced from $1,800 to $1,600, a reduction of 12 percent at a time when college costs were climbing 10 to 15 percent annually. The Administration proposed to eliminate Supplemental Grants, National Direct Student Loans, and State Student Incentive Grants and requested an 18 percent funding cut in the College Work-Study Program.

Modifications were again proposed to cut federal outlays in the Guaranteed Student Loan program. The 1983 version called for increasing the origination fee from five to ten percent, applying needs analysis to all GSL borrowers (rather than just those with family incomes above $30,000) and eliminating graduate and professional students from the program. The Administration suggested that graduate students borrow under the Auxiliary Loans to Assist Students program (with the infelicitous acronym ALAS), which carried a 12 percent interest rate and does not offer the in-school interest subsidy. The change was justified because graduate and professional students frequently have high earnings prospects, and, it was believed, would have little difficulty repaying the higher debts. Unfortunately, in most states the ALAS program, which had been authorized by the Reconciliation Act of 1981, had not yet begun to lend money to graduate or professional students. As a result, the suggestion to eliminate these students from the GSL threatened to leave many without a source of education loans.

In contrast to the 1982 budget proposals, the Administration's 1983 budget met with very little success. The proposal to abolish the Department of Education was not seriously considered. The suggestions for the GSL program were met with an outcry from college and university groups and received little attention on Capitol Hill. Eventually, the Congress enacted a Continuing Resolution for fiscal year 1983 that set spending for student aid programs at a level almost identical to the fiscal year 1982 appropriations. A similar funding level was set for the major elementary and secondary school programs.

* * * * *

THE 1984 BUDGET In 1984 the Administration continued its efforts to reduce the federal presence in education. According to the budget justification:

> ...The Federal Government's actual spending on specific education programs and its prescriptive regulations increased substantially in the 1960s and 1970s, resulting in a growing and inappropriate influence on parental, state, and local education decision-making....The administration continues to believe that a Cabinet level agency is inappropriate and unnecessary and will work with the Congress to develop a different structure more appropriate for the Federal role in education.[46]

As with previous budgets, the Administration proposed reducing education funding, recommending total appropriations of $13.1 billion, substantially below the 1983 appropriation of $15.4 billion.

Among specific programs, the Administration urged small reductions in ECIA Chapter I, Chapter II, special education, rehabilitation, and educational research and statistics. Major cuts were suggested for Indian Education, Impact Aid, Vocational and Adult Education, and Bilingual Education. The 1984 budget also previewed

five new initiatives to be submitted later: tuition tax credits, elementary and secondary education vouchers, math and science block grants, education savings accounts, and the removal of education from Cabinet-level status.

The Administration proposed to devote the same amount of funds to the Pell Grants and campus-based student aid programs as in 1983 ($3.6 billion), but called for major changes in the way it was distributed. Under the Reagan plans, Pell Grants were to be replaced by a new program of "self-help" grants. Funding for the program would increase from $2.4 billion (1983 appropriation) to $2.7 billion. College work-study funds were to be boosted to $850 million (an increase of 44 percent). At the same time, however, the Administration called for eliminating Supplemental Grants, State Incentive Grants, and new contributions to National Direct Student Loans.

Major changes were proposed again for the Guaranteed Student Loan program. Under the Reagan budget, the origination fee for graduate and professional students would increase from five percent to ten percent. In addition, all students would be required to prove financial need before receiving a loan.

The Administration also called for the creation of a tuition tax credit that would provide parents with children in private, nonprofit elementary and secondary schools a credit of $100 per child in 1983, rising to $300 in 1985. Finally, the proposed math-science block grant would have established a modest ($70 million) program to enable states both to increase the number of math and science teachers and honor outstanding teachers.

In October 1983, Congress enacted the fiscal year 1984 budget for the Departments of Labor, Health and Human Services, and Education. This marked the first time since FY 1979 that the Congress had managed to pass an appropriation bill for these agencies. In general, Congress maintained or slightly increased funding in nominal dollars for the major education programs in FY 1984. The one exception was the Guaranteed Student Loan program, where lower interest rates and substantial carry-over of FY 1983 funds--not policy changes--allowed a reduction in federal appropriations. The Administration's new initiatives generally received scant attention.

Looking at the 1980 to 1984 budget history suggests that the Reagan Administration has managed to hold federal education spending relatively constant. In current dollars the total federal education appropriations moved from $14.1 billion in fiscal 1980 to $14.7 billion in 1982 and $15.4 billion in 1984, an increase of nine percent. [See Table 1 at end of paper.]

But these aggregate numbers tell only part of the story. A substantial portion of federal education spending is devoted to the relatively uncontrollable costs of the Guaranteed Student Loan program. The GSL is an entitlement, and the appropriations needed to fund the program depend on a number of fluctuating factors, including interest rates, participants, and the costs of postsecondary education. Because it is an entitlement, anyone who is eligible has a right to participate. Thus the program is not subject to annual appropriations controls.

As we have noted, GSL costs grew rapidly in the late 1970s and early 1980s. Table 2 [at end of paper] illustrates this growth and

the effect it had on the entire Department of Education budget. Between 1980 and 1983, GSL appropriations increased by nearly 200 percent, before falling off in 1984. This had a major impact on total spending for the Department. The major postsecondary education programs showed a 23 percent appropriations increase, a jump almost entirely attributable to GSL costs. By contrast, the major elementary and secondary programs showed virtually no change between 1980 and 1984. Total spending for the Department of Education grew by 8.9 percent over this period, but when GSL spending is eliminated, the increase was a very modest five percent.

In real terms, federal education spending is lower (in every category except GSL) than it was in 1980. The real (after inflation) drop in elementary/secondary programs is 20.6 percent. For post-secondary programs, the change is a modest 3.2 percent decline. The change in postsecondary rpograms includes, obviously, the growth in the GSL progam. If this program were excluded, or if the elimination of socal security benefits for college students were included, federal aid would show a sharp decline.

When all federal education spending is measured without the GSL program, it shows a decline of 17.7 percent. When the GSL program is included, total appropriations for the Department of Education show a drop of 14.5 percent over the four-year period.

Budgetary changes are not, of course, the only part of the Reagan initiatives in education policy. The Administration has also attempt-ed to reshape the federal role through new initiatives, regulatory changes and management proposals. A brief review of these efforts is

important to a complete understanding of the Reagan administration's impact on education policy.

* * * * *

OTHER EDUCATION INITIATIVES Throughout their first three years in office, the Reagan Administration has advanced several new initiatives designed to modify education aid. Among the most visible efforts are: regulatory reform, program consolidation, abolishing the Department of Education, tuition tax credits, and reforming student financial assistance. In this section we briefly review these initiatives and their resolution. Our intention is not to provide a comprehensive compendium of the Administration's efforts, for there are other, generally less important, activities that could be mentioned. Rather, we hope to illustrate the types of policies the Administration has pursued and assess their success.

REGULATORY REFORM The Reagan Administration's commitment to reducing federal regulatory activity was clearly stated throughout the 1980 election. Shortly after taking office, President Reagan established a cabinet level task force, headed by Vice President Bush, with the assignment of identifying examples of excessive federal regulation. Two areas of education policy seemed ripe for attention: bilingual education and special education.

Bilingual education was an inviting target. Federal involvement in this area dated to 1968 when Congress enacted Title VII of the Elementary and Secondary Education Act (ESEA). The federal role

expanded after the U.S. Supreme Court's ruling in Lau v. Nichols (1979) that San Francisco's failure to educate limited-English-speaking pupils was a violation of equal educational opportunity.[47] In 1975, the Department of Health, Education and Welfare published "informal guidelines" known as the Lau Remedies. These required schools to provide instruction for elementary students in their strongest language until they were able to participate fully when instruction was in English.

The Lau Remedies were widely criticized as unclear and the Carter Administration drafted a revised set of regulations. On August 5, 1980, the Department of Education released draft regulations that required the schools to offer a much more comprehensive range of services than had previously been necessary. The regulations also added stiff requirements about bilingual education teachers.

Many education groups attacked the new regulations as both an invasion of local control and extremely costly. In October 1980, President Carter's Council on Wage Price Stability criticized the regulations and encouraged the Department to revise them to provide more flexibility for experimentation and evaluation.

The Lau Regulations were an easy mark for the Reagan Administration. On February 2, 1981, Secretary Bell withdrew the regulations, calling them "harsh, inflexible, burdensome, unworkable, and incredibly costly."[48] Bell said that the Lau Remedies would remain in effect until new regulations were developed.

But the Lau Remedies are still in effect. More than two years elapsed before the Reagan Administration moved to replace the existing guidelines. Even then, their proposal was in the form of legislative

changes rather than new regulations. Although hearings were held on the Administration's proposal (H.R. 2682) in 1983, no action was taken. The Bilingual Education Act (Title VII of ESEA), scheduled to expire on September 30, 1983, was extended for a single year by the Education Consolidation and Improvement Act Technical Amendments of 1983.[49] If Congress fails to act next year, the law will be extended automatically until September 1985.

Regulatory reform also seemed likely for the Education of All Handicapped Children Act (P.L. 94-142). This measure is, as noted previously, the most detailed and prescriptive of federal education statutes. Moreover, federal funding only covers a small portion of the costs, so the burden of complying with and financing the law falls heavily on state and local governments. Not surprisingly, many local and state level officials believe the federal government should put up a greater share of the resources or reduce the requirements. The program's many supporters, however, argued strenuously against any changes, believing that tinkering with the law would lead to diminished services.

The Reagan Administration's solution to this dilemma was clear--reduce the regulatory requirements. In 1981 they announced that the Vice President's Regulatory Task Force would examine P.L. 94-142 and identify possible revisions.

In August 1982, the Administration published proposed regulatory changes for the program, arguing that these would eliminate "excessive paperwork requirements and regulatory detail that result in expenditure of time and resources on administrative activities," while "maintaining key procedural protections." In general, the new

regulations would have deleted most of the detailed requirement in the current regulations while maintaining some of the more general provisions.[50]

The proposals, attracting a storm of criticism, went nowhere. On November 3, 1982, Secretary Bell replaced some of the most controversial proposals with the existing regulations.[51] In October 1983, Assistant Secretary Madeline Will announced that the Administration had abandoned any revision of the regulations.[52]

In both the 1983 and 1984 budgets the Reagan Administration proposed to consolidate special education programs at reduced levels of funding. However, no specific proposals have been introduced for congressional consideration.

A final regulatory initiative of note was the effort to abolish the Internal Revenue Service (IRS) guidelines barring discriminatory private schools from obtaining or retaining tax-exempt status, became a major embarrassment. Over a decade ago, the IRS instituted a policy requiring racial non-discrimination by private schools as a condition for maintaining tax-exempt status. The issue has been a continual source of controversy every since it was implemented. In 1978 the Carter Administration tried to impose more stringent tests of non-discrimination, but their efforts were blocked by congressional action. In January 1982, the Reagan Administration, by contrast, sought to eliminate the policy altogether. At the same time, the Administration filed a motion before the Supreme Court to have two pending cases (Bob Jones University v. United States and Goldsboro Christian Schools, Inc. v. United States) vacated and dismissed as moot.

After much political controversy, nothing changed. The IRS was enjoined to continue to deny tax-exempt status to private schools that discriminated on the grounds of race. Congressional hearings were held, but no new legislation was adopted. Finally, in May 1983, in an 8-1 decision, the Supreme Court upheld the IRS policy.[53]

The principal result of the entire proceeding, now immortalized as the Bob Jones Case, was embarrassment. The Reagan Administration put itself in the position of supporting tax exemptions for private schools that practice racial discrimination, in spite of the widespread, bipartisan agreement that such exemptions were both bad policy and illegal. In addition, nothing could have been more carefully crafted to embarrass the private school community. Today, most American private schools pride themselves on their racial integration--it is a source of school strength. The nation's Catholic schools in particular were distressed, because they have made enormous strides in achieving racial integration, and the last thing they wanted was to be tarred with the Bob Jones brush. Finally, that this incident occurred when tuition tax credits were being seriously considered proved particularly awkward.[54]

CONSOLIDATION Redrawing the responsibilities between the federal and state governments was a central priority of the Reagan Administration. The Administraiton believed that more carefully defining federal and state responsibilities for domestic needs would improve the effectiveness and efficiency of the intergovernmental system. In August 1981, the nation's governors, at the Administration's urging, voted to support a phased-in reduction of federal

aid to education, law enforcement, and transportation in return for a stronger federal commitment to safety net rograms such as welfare and Medicaid. In the 1983 budget, the Reagan Administration unveiled its New Federalism program to implement such a shift.

Eventually, the New Federalism proposal foundered, a victim of budgetary problems. Upon seeing the actual proposal outlined, it did not take the governors long to realize that the price of New Federalism was substantial budget custs. By the fall of 1982, the proposal was dead.

A less ambitious set of proposals consolidating existing categorical programs into block grants was a key element on the Reagan Administration education agenda. As noted earlier, in 1981 the Administration proposed a major consolidation of most elementary and secondary programs. Although the Congress adopted a less comprehensive measure (Chapter II of ECIA), the Reagan advocacy of block grants provided the impetus for congressional action. Without this encouragement, it is doubtful that any consolidation would have been enacted.

In the 1982 and 1983 budgets, the Administration introduced two additional proposals to consolidate categorical program into block grants. The first would have repealed the Vocational Education Act and the Adult Education Act and replaced them with a single block grant to the states. Ninety percent of the funds would have been distributed to the states with the remainder providing a discretionary fund for the Department of Education. Although the proposal was introduced in the Senate, it never received serious consideration.

At the same time, the Administration announced a plan to consolidate the major education program for the handicapped into a single block grant. As noted above, the plan was viewed suspiciously on Capitol Hill and was never introduced.

REORGANIZATION Eliminating the Education Department (ED) was perhaps the Administration's highest priority in education. Throughout 1981, educators and policymakers alike watched for signals of the Administration's intentions. In August 1981, Secretary Bell forwarded his options for eliminating ED to the White House. The options included: create an education foundation; distribute all ED functions to other agencies; create an independent agency which would retain most of ED's functions; or merge ED into another agency (presumably the Department of Labor or Health and Human Services).

Bell recommended the establishment of an Education Foundation. Under this plan, some of ED's functions would be transferred to other agencies (for example, vocational rehabilitation would become the responsibility of Health and Human Services, and vocational education would have been transferred to the Department of Labor). The education foundation would have devoted most of its energies to administering block grants, conducting research, and gathering statistics.

President Reagan accepted the proposal for an education foundation and it was announced in the 1983 budget. Despite support for the idea among conservatives (in fact, some members of the White House staff allegedly opposed Bell's plan because the Department would not really have been eliminated), the Reagan plan quickly stalled on

Capitol Hill. Key Senate Republicans--including Majority Leader Howard Baker (R-Tenn.), Senator William Roth (R-Del.), chairman of the Governmental Affairs Committee, and Senator Robert Stafford (R-Vt.), chairman of the Subcommittee on Education, Arts and the Humanities--opposed the plan. Moreover, there was little support for the idea in the Democratic-controlled House. No plan was ever submitted to the Congress and no bills to actually create the Foundation were introduced. By April 1982, the plan was shelved. In the FY 1984 budget the Administration again indicated that plans to eliminate ED would be forthcoming. However, no plans were advanced and in the summer of 1983 Secretary Bell announced that the effort had been abandoned.

While the effort to eliminate the Department of Education failed, the Administration has relied on a series of reorganizations and staff reductions to reduce the scope of the agency. Shortly after taking office, the Administration eliminated several positions that, although not statutorily mandated, were staffed by an Assistant Secretary. One of these was the Assistant Secretary for Non-public Education. Sacrificing this position was a compound irony for an Administration committed to strengthening non-public schools. The office had been created by President Carter as a non-statutory position to get the necessary votes in the House of Representatives for creating the Department in the first place. The National Education Association had been horrified by the necessity of making so crass a compromise but rose to the occasion. They must have greeted the abolition of the position with some bemusement.

In addition to reorganizing the Department, the Reagan Administration has made some curious personnel appointments. Reagan's

first director of the National Institute of Education will be remembered primarily for one act. Shortly after taking over, he decided that the federal government would be better served if the agency he headed were abolished. Having so decided, he wrote a personal letter to the President proposing the elimination of NIE. Having neglected to clear this clever idea with Secretary Bell, he was summarily fired for his trouble.

This particular fiasco is replete with irony, because one of the things the federal government can do in education--at least in theory--is to support a vigorous and well designed program of research development and dissemination.

Moreover, the NIE problem is symptomatic of other charges that have been laid against the Department of Education. Critics contend that the Department is staffed by individuals whose primary qualification is ideological, and some political appointees who have not exhibited sufficiently conservatives views--such as former Undersecretary William C. Clohan--have been fired.[55]

TUITION TAX CREDITS Enactment of tuition tax credits for parents who send their children to private schools has been an important objective for the private school community and some education reformers. Congress came close to approving such a measure on several occasions, most notably in 1978 when the Carter Administration convinced the Congress to adopt the Middle Income Student Assistance Act (MISAA) rather than a tax credit proposal authored by Senators Packwood (R-Ore.) and Moynihan (D-N.Y.).

In addition, tuition tax credits were a central feature of the 1980 Republican platform, and the Democratic Party has called for "constitutionally acceptable" ways to support private education. In the 1984 budget, after several years of discussion and development, the Administration presented a tuition tax credit program. Under their plan, parents would receive a tax credit for up to 50 percent of tuition costs paid to private, non-profit elementary and secondary schools. The maximum credit would be $100 per child in 1983, rising to $300 in 1985 and beyond. A full credit would go to families with adjusted incomes of $40,000 or less. The credit would be reduced for families with incomes between $40,000 and $60,000. The Administration estimated that 2.4 million families would take advantage of the credit and the cost (in terms of lost revenue) would be $245 million in 1983 and $753 million in 1986.[56]

The Senate Finance Committee held hearings and approved the Administration's proposal (S.528) in May 1983. In November 1983, Senate Majority Leader Baker attached the tax credit proposal to H.R.3398, a package of tariff and foreign trade measures, thus allowing the full Senate to debate the measure. As in previous debates, opponents of tax credits charged that the program would be inefficient, regressive, and weaken the public schools, while supporters maintained that the program would enhance educational choice and improve educational quality.

On November 16, the Senate tabled the Administration-backed bill on a 59-38 vote.[57] The lopsided vote in the Republican-controlled Senate, coupled with inaction on the measure in the House of

Representatives, seems likely to bury the program for the foreseeable future.

STUDENT ASSISTANCE In the 1984 budget the Reagan Administration outlined a major restructuring in student financial aid programs. Under the President's proposal, the Pell Grant program, Supplemental Grants, and State Student Incentive Grants would be replaced with a single "self help" grant. The maximum grant would rise to $3,000 for the 1984-85 academic year (compared to $1800 under the Pell program). Each student requesting aid would first be required to contribute 40 percent, but not less than $800, to the total cost of his education. The so-called self-help contribution (which could come from student earnings, scholarships, or loans) would be in addition to the "expected family contribution" that would be determined for each applicant.

The Administration also proposed to establish a program of Education Savings Accounts, allowing families with incomes up to $40,000 to save $1,000 annually for future college costs. Unlike Individual Retirement Accounts, the amount put aside each year would be taxable as income. The interest and dividends, however, would not be taxed.[58]

The 1984 self-help proposal went nowhere on Capitol Hill. Rep. John Erlenborn (R-Ill.) agreed to introduce the Reagan bills "as a courtesy" and the Administration was unable to find a Senate sponsor. The Education Savings Account was greeted with some interest, but most educators and policymakers believed the proposed benefits did not provide a sufficient stimulus to enccurage saving for education.

However, a more generous bill introduced by Senator Dole (R-Kan.) also received little attention, suggesting interest in the idea is, at best, lukewarm.

COMMISSION ON EXCELLENCE Perhaps the Reagan Administration's greatest success in education has been calling attention to the sad state of the nation's schools. In August 1981, in an event that attracted little notice, Secretary Bell appointed the National Commission on Excellence in Education and instructed it to examine educational issues at the elementary, secondary, and postsecondary levels, but to pay special attention to high school-age youth.

Eighteen months later, in April 1983, the Commission released its findings. The report took the form of an open letter to the American people. Its lofty rhetoric provided a field day for the news media. The Commission warned:

> ...The educational foundations of our society are presently being eroded by a rising tide of mediocrity that threatens our very future as a Nation and a people. What was unimaginable a generation ago has begun to occur--others are matching and surpassing our educational attainments.
>
> If an unfriendly foreign power had attempted to impose on America the mediocre educational performance that exists today, we might well have viewed it as an act of war. As it stands, we have allowed this to happen to ourselves...We have, in effect, been committing an act of unthinking, unilateral educational disarmament.[59]

The report's primary criticism centered on the decline of the schools' curriculum, and its recommendations urged a strengthening of academic requirements. The Commission also made several recommendations designed to make teaching a "more rewarding and respected profession."

The report met with widespread acclaim. Policymakers, educators, and the public all found themselves in basic agreement with the Commission's findings and recommendations. The report set off a terrific rush to examine specific issues in more detail and to design programs and policies to address the problems. Congressional hearings on the state of education were initiated.

The White House praised the report. President Reagan told the Commission members that he would "continue to work in the months ahead for passage of tuition tax credits, vouchers, educational savings accounts, voluntary school prayer, and abolishing the Department of Education," a promise that some believed was inconsistent with the report itself. In the weeks that followed, the President made several speeches about education in which he repeatedly suggested that merit pay for teachers was an essential step toward improving educational quality.

A cascade of other studies and reports on education were issued in the summer and fall of 1983.[60] All echoed the theme of the Excellence Commission: the schools are in trouble and urgently need attention. There is something of an irony here: the problems facing America's schools have been recognized for several years and many states have taken steps to upgrade education quality by instituting stiffer graduation requirements, basic skills programs, and minimum competency testing. Yet despite these initial efforts, the fact remains that it was the report of the Excellence Commission that made education a subject of vigorous public debate and discussion.

IMPACT OF THE REAGAN CHANGES Describing what the Reagan Administration set out to do and what they accomplished tells only part of the story. The other part--the impact of the policy changes and budget cuts on state governments, local schools, and postsecondary institutions--is equally important. Unfortunately, it is much more difficult to assess this component of the education policy equation. As we noted earlier, most of the changes mandated in 1981 did not take effect until the 1982-83 academic year and there is scant research evidence available at present. The information that is available, however, provides some important insights.[61]

At the elementary/secondary level, the most far-reaching changes have taken place in response to the Education Consolidation and Improvement Act. Chapter I of ECIA has reduced the administrative problems facing state and local school districts, but budget cuts have also reduced the resources available. Since Chapter I funds go primarily to poor school districts, the decline in support means that supplemental programs to aid low-income and minority youth are most likely to be affected. The administrative burden has also been eased under Chapter II of ECIA, but the distribution of federal education money has also been altered. Initial studies suggest that urban school districts now receive lower federal revenue while small school districts that did not get federal categorical funds previously do so now.

School districts that received substantial amounts of money under the Emergency School Assistance Act (ESAA)--such as Cleveland, St.

Louis, Detroit, and Buffalo--have been especially hard hit by the elimination of funds for this program. Indeed, there is some congressional interest in reestablishing a program to help school districts desegregate their classrooms. Impact aid reductions have had a serious effect on a small number of school districts--such as Yorktown, Virginia, and West Point, New York--that were heavily dependent on the program.

It is difficult to determine how individual districts are responding to the Chapter I and Chapter II programs, but some generalizations are possible. Some districts apparently fear that federal auditors will descend and examine Chapter I spending under the same criteria that governed Title I, and have thus relied on the more stringent Title I regulations in designing programs.

Similarly, a belief that Chapter II is targeted for elimination through the budget process has left some school districts hesitant to launch programs that they may have to eliminate later. As a result, many school districts are spending these funds on purchases (such as microcomputers) that will not require local resources if federal funds disappear. Presumably, as time goes by, and if there are no further disruptions, districts will modify their spending patterns under both programs.

There is little evidence that states or local school districts have increased their own expenditures specifically to make up for federal budget cuts. In most cases, schools are apparently shifting resources, if possible, or simply doing less in these program areas. Some states have recently moved to increase spending on education, but this is largely in response to perceptions of diminished educational

quality and not the result of federal reductions. California, Mississippi, Tennessee, Arkansas, Florida, and Pennsylvania have already enacted far-reaching statutory changes or are seriously thinking of doing so. But there are limits to what states can do with existing revenue sources, and the changes requiring large infusions of new money will be difficult to design and enact.

At the postsecondary level, there is little doubt that the number of students receiving federally-sponsored student aid has fallen. That was, after all, the purpose of the budget cuts. It is certain that the income ceilings on the Pell Grants and GSL have reduced the number of middle-income beneficiaries. There is also some evidence that postsecondary participation by low-income students has been affected. The National Association of Independent Colleges and Universities, for example, found a "dramatic decline" in the number and proportion of low-income students attending private colleges and universities between 1978-79 and 1981-82, a development they attribute to increasing college costs and decrasing federal aid. Similarly, a study for the National Association of State Universities and Land Grant Colleges found reduced enrollment at historically black land grant colleges and attributed this to reductions in federal student aid.

Despite their importance, these findings can only be regarded as preliminary. More extensive studies in the future will continue to shed light on the impact of the programmatic and budgetary changes.

* * * * *

ASSESSING THE REAGAN RECORD Judging the Reagan Administration's education efforts is only slightly less complicated than describing what they have attempted to do. The Administration has moved on many fronts, making simple judgments impossible. Moreover, the assessment of various events depends in part on the perspective of the analyst. Despite these difficulties, it is important to evaluate whether they have achieved what they set out to accomplish.

In any Presidency, the record must reflect both successes and failures. Perhaps the clearest Reagan success is not generally seen as a part of education policy, but is in an area in which the Administration asserted it would make a major difference: reducing inflation. When Secretary Bell first donned the mantle of power, he repeatedly cited reducing inflation as the single most important thing the federal government could do to help education. The point was so obvious and so clearly correct that scant attention was paid to it. Moreover, critics of the Reagan effort offered another interpretation: that the Administration was emphasizing inflation to keep the public's mind off of budget cuts.

There was that element in the Administration's position, but inflation reduction was genuinely important. The galloping inflation of the late 1970s drove up the cost of everything from pencils to school buildings. At the same time, there is strong circumstantial evidence that high rates of inflation can easily wipe out earlier salary gains, a problem particularly threatening to school teachers and university faculty, neither of whose salaries are especially

market sensitive in the short run. By reducing inflation the Administration has helped establish a more stable fiscal climate for education administrators at the state, local, and institutional levels.[62]

The reduction in inflation benefits some federal programs directly. For example, the decline in interest rates has reduced the funds needed for the Guaranteed Student Loan Program, and any further decline in interest rates would have a most beneficial effect.

Among specific education issues, the successes are less easily identifiable. The Administration has met part of its objective of reducing the education budget, despite congressional refusal to cut it as sharply as proposed. As Table 2 shows, between 1980 and 1984, the federal education budget (excluding the GSL program) increased by less than five percent. In real (after inflation) dollars, the budget fell by 17.7 percent.

The Administration can also claim victory in the creation of the Chapter II block grant and the reduction of regulatory provisions governing Chapter I. In neither case was the Congress willing to go as far as the Administration proposed, but the Reagan efforts were the impetus for a significant change in public policy.

Finally, as noted earlier, the Administration can clearly call the Excellence Commission a major success. Its report has forced the American public to take a more serious look at the educational system than any other event in recent memory.

Yet just as there are some successes, so are there failures. Clearly the federal deficit is one. Just as reducing inflation has helped education, the huge federal deficit has hurt it. Budget

concerns now drive policy. The central question at the federal level is no longer: "What are the educational opportunity needs and how can we meet them?" Rather, it is "What will it cost?" This was very evident in the recent Senate debate over tuition tax credits. The budgetary impact of the proposal clearly weighed heavily on the minds of several Senators who voted against passage.

There are a number of other areas where the Reagan Administration sought significant changes and failed to achieve them. Regulatory reform, for example, has proved elusive. The Administration did withdraw the Lau regulations, but that is hardly a major accomplishment, and they have yet to offer a replacement. Moreover, the efforts to revise the regulations governing education of the handicapped and tax breaks for private schools that discriminate proved embarrassing. Block grant proposals in vocational/adult and special education were not seriously considered. The proposal to restructure student aid received virtually no attention.

The promised constitutional amendment to permit school prayer has not materialized. The proposed tuition tax credits suffered an embarrassing defeat. And perhaps most conspicuous: the Department of Education still stands.

Yet merely listing accomplishments and shortcomings is not completely fair. No administration can achieve all it proposes. To a large extent, the secret of political success (and historical recognition) is the ability to develop a small number of ideas and bring them to fruition. President Reagan has certainly done that with tax and expenditure policy. He has not done it with education policy. His administration's success to date can best be characterized as a

triumph of "less of the same," a consequence of budget policy ("cut, squeeze, trim"), not education initiatives. The education policies they pursued often went in different directions. Moreover, they missed important opportunities for restructuring or rationalizing the federal presence in education.

Three possible initiatives are immediately apparent. One would have been policies to strengthen the education of poor and minority youngsters, precisely the population most in need of help and the population to which the Republican Party needs to reach out. Particularly with accusations about the Administration taking from the poor and giving to the rich, a strategy to help the poor and minorities was desirable. That had been the larger part of the federal education strategy for two decades, and it would have been to the Administration's credit and advantage to have forged a Republican strategy for that population.

Tuition tax credits were not such a strategy, because most of the poor earned too little to enjoy the benefit of a credit against income taxes. In any case, tuition tax credits could not pass, given the budgetary realities of the Administration's other decisions. They became an empty debate that advanced no one's interests. If the Administration wanted to invest time and money in private school issues, it should have focused on the disadvantaged. For about the same financial price as tuition tax credits (approximately two to four billion dollars),[63] the Administration could have proposed full funding of Title I (now Chapter I); as a condition of supporting full funding they could have required that the money follow the child, just as Pell Grants do in higher education. Using a popular program as the

basis for approaching a new constituency (with a program that is philosophically consistent) would have at least raised the debate to the appropriate level.

A conservative approach to education is one that extends the benefits of choice to those who do not currently enjoy it—liberty as well as equity for the poor. The intellectual groundwork has already been well prepared. The research findings (funded in large measure by the U.S. Government when President Carter was in office) are powerful, and even if they do not persuade those opposed to aid to private education, they provide a point of departure for serious discussion.[64] (Ironically, it is the work of one researcher, James Coleman, that brackets the extremes of this policy debate. His first major study of schools was used to justify large-scale school busing; his most recent work suggests that some private schools do a significantly better job of educating low-income minority youngsters.) One possible device would be a program of education vouchers, or entitlements, to help the poor attend private schools, or public schools out of their neighborhood attendance zones. Lip service was paid the idea in the form of a weakly supported proposal to create a program of Chapter I vouchers, but the idea, and ideas like it, were not fully developed, nor did the Administration do its homework on Capitol Hill.

A second missed opportunity of real significance was the chance to reorganize and reconfigure the Department of Education. Preoccupied with the Quixotic task of dismantling it, the Administration paid little attention to what could or should be done with an intact Department.

As it happens, the Reagan Administration could have done a good deal to strengthen and rationalize the Department to help meet its own agenda. The statute that established the Department of Education, gives the Secretary authority to undertake wholesale reorganization, a privilege he has failed to exercise. The Department has a management and organizational superstructure big enough to run a small country. To cite only one example, the Office of the Assistant Secretary for Research and Improvement (OERI) has within it the National Institute of Education (which itself reports to a Presidentially appointed policy board, the National Council for Education Research (NCER)), the National Center for Education Statistics (NCES), and the Office of Libraries and Learning Technologies (OLLT). Each of these organizations has considerable independence to set its own agenda. At one time, such a loose administrative structure made sense--NIE had been quasi-autonomous, for example--but under the aegis of a new Department it no longer does. An independent Policy Board for NIE and an independent administrator for NCES are not necessary. Data collection and research policy should neither be separately set nor managed. As a result, these functions should be unified in a new organizational structure, under the direct supervision of an Assistant Secretary. Combining the responsibilities in this fashion would make it possible to recruit a national figure to oversee the federal government's education research and data collection responsibilities and add credibility to the federal effort.

Not only would money be saved, efficiency would be increased, morale would improve, and the White House could claim that it was

doing something serious to improve the quality of educational administration. Unfortunately, the opportunity has not been exploited.

Finally, a third missed opportunity: the Administration could have done something serious and systematic about research and data collection. One of the most important and potentially beneficial federal functions in education lies in the area of education research and data collection. Indeed, much of the recent spate of education criticism has been made possible by federally funded education research and data collection; similarly, much of what we know about improving the quality of education is the result of recent federally funded education research. Almost all observers believe the federal government should play a strong and visible role in this area; in 1983, it is worth remembering that the federal role in education research was the product of another Republican President.

Yet, for several years this function has been ignored. In 1980, for example, the Heritage Foundation spoke of the "pathetic" quality of data for research and policy-making. The situation has not improved in recent years. Under the Reagan Administration, the National Institute of Education now has a budget of less than $50 million. In its first year of operation, more than a decade ago its operating budget was $104 million. Today it still carries the same administrative superstructure, the same statutory mandate, and in broad outline, the same responsibilities. But the original Institute was designed on the assumption that by the 1980s it would have a budget of approximately $250 million. That it does not have so large a budget is not an argument for increases, but it is at minimum an argument on behalf of rational congruence between budget and mission.

If NIE is to be maintained as a small-budget agency, its mission and organization should be changed in ways that correspond to the reality of the day. Even in 1983, $40 million can buy much useful education research if it is intelligently spent. However, when the money is tied up in a set of independent educational research and development centers, protected from competition by the Congress, it is an exercise in futility.

The budget for the National Center for Education Statistics has dropped as well, despite the fact that there is widespread support for its activities. Indeed, without it we are powerless to make informed judgments about the quality of our nation's schools, something that is increasingly important.

The Reagan Administration could easily have taken the initiative in this area and emphasized the contributions the federal government can make. That they have chosen instead to view it as yet another target for trimming the federal budget illustrates the difficulty they have encountered in charting an appropriate and consistent federal role in education.

Part of the reason the Administration has been unable to accomplish more of its objectives or identify new targets of opportunity is that they lack the confidence of the education community. The Reagan Administration has done little to conceal their hostility toward a federal role in education, and, not surprisingly, most education interest groups regard their efforts skeptically. To some extent, of course, this is a regular occurrence: the expectations of interest groups are rarely met by any Administration. Generally, however, in the collision between ideology and practical politics, an

understanding is reached that allows political agendas to be recast. In the Reagan Administration this has not been the case. They have shown little willingness to compromise positions and lack the outside support necessary to turn their policies into reality.

* * * * *

A SUMMING UP On balance then, what may we say about the first three years? The Administration has been successful in its quest to give more flexibility to states and local school districts. There is no question that administrative requirements placed on states and local schools have been reduced through ECIA Chapters I and II. However, the effect clearly is that the states "pay" for discretion. Those programs with the most flexibility--Chapter II, Vocational Education, Impact Aid--have been hit hardest by budget cuts.

As well, there has been some modest change in the direction of federal aid to education. By reducing or eliminating the regulatory requirements that formally governed Title I and by creating the Chapter II block grant, the Administration has moved the federal government one step closer to general aid to education. The outcome is ironic, because, as we suggested earlier, for many years the strongest support for general aid has come from the National Education Association. The groundwork is well laid if at some point in time the NEA finds a friend in the White House.

The ultimate irony is the position that education now occupies in national life. Reagan entered office with a clear commitment to reduce the federal role, which, to some extent, he has done. But what

the Administration has managed to do, more by accident than by design, is to place education at center stage. The Administration has shifted the debate from equity to excellence, and the new issue will not go away. Policymakers at all levels of government are now forced to deal with it. Just what they will do, of course, remains an open question.

Yet, to a very large extent, they have failed to achieve what they sought. What they achieved was accomplished in the first six months of the term, and there has been little movement since. Many of their most important goals--tax credits, school prayer, regulatory reform, abolishing the Department--are increasingly unlikely. By any scorecard, they have lost more battles than they won.

The somewhat dispiriting conclusion that one must draw is that while the Reagan Administration had budgetary policies, it never really had an overarching education policy or even a set of policies. There were campaign slogans, and stump speeches, there were isolated ideas, but no coherent and consistent education policy. Not even within the context of budget policy--which had the virtue of being direct if severe--was there education policy. Its sole purpose was to cut the budget. Once the decision to make major cuts in education had been made, it was possible to imagine a set of education policies which would rationalize the expenditure of whatever money was left. But that was not the case.

Reagan campaigned against the Department of Education, against the federal role, against federal intrusiveness. His attachment to local control was so complete he was accused of being a romantic; his opposition to the education establishment was so deep that he had no friends among them--no debts to pay, no obligations to honor. That he

did not punish them, that he did not pursue his campaign rhetoric with more vigor, is itself a commentary on the real nature of the Reagan Administration's interest in education. It was not great. In truth, beyond the battle of the budget the Administration cared little about it—they cared not enough to do much, up or down.

And so education under President Reagan--in spite of grand rhetoric to the contrary—changed a little, but not much. Today, three years into the Reagan Administration, any mandate for change, or any political opportunity to change, has evaporated. In basic outline, the federal role in education looks very similar to what it did under Presidents Johnson, Nixon, Ford, and Carter.

- End -

ENDNOTES

[1] It is true that most state school finance systems take into account the relative wealth of local districts, but only cursorily. It was for this reason that there was a spate of school finance lawsuits in the 1960s and 1970s. Legislative redress having escaped the school finance reform community, they turned to the courts. California's landmark Serrano v. Priest decision is the best known.

[2] The program is now known as Chapter 1 of the Education Consolidation and Improvement Act (ECIA).

[3] In fairness to supporters of these proposals, it should be noted that elimination of denominational and non-denominational prayer in public schools had been a federal, constitutional issue; similarly, the principal objection to favorable tax treatment of private school tuitions had been constitutional. The recent decision in Mueller v. Allen, handed down by the U.S. Supreme Court, appears to have finally settled the issue of what type of tax credit program will pass constitutional muster.

[4] For a somewhat more detailed review of the history of federal aid to education, see Terry W. Hartle and Richard P. Holland, "The Changing Context of Federal Education Aid," Education and Urban Society, Vol. 15, No. 4, August 1983, pp. 408-431. See also, two reports by the Advisory Commission on Intergovernmental Relations, Intergovernmentalizing the Classroom: Federal Involvement in Elementary and Secondary Education and the Evolution of a Problematic Partnership: The Feds and Higher Education, (Washington, D.C.: Advisory Commission on Intergovernmental Relations, 1981).

[5] For a comprehensive review of federal aid to vocational education see, U.S. Department of Education, The Vocational Education Study: The Final Report, (Washington, D.C.: Vocational Education Study, 1981).

[6] Public Law 78-346, enacted June 22, 1944.

[7] P.L. 815 and P.L. 874 provided funds for construction (P.L. 815) and operation (P.L. 874) of schools in federally affected areas.

[8] Public Law 85-864, 72 Stat. 1580, enacted Sept. 2, 1958.

[9] Vocational Education Act is Public Law 88-210, 77 Stat. 403, enacted December 18, 1963. Higher Education Facilities Act is Public Law 88-204, 77 Stat. 363, enacted December 16, 1963.

[10] Public Law 89-10, 89-10, 79 Stat. 27, April 11, 1965. For an extended discussion of the enactment and implementation of this law, see Stephen K. Bailey and Edith K. Mosher, ESEA: The Office of

Education Administers a Law, (Syracuse, N.Y.: Syracuse University Press, 1969).

11 Public Law 89-329, 79 Stat. 1219, enacted November 8, 1965.

12 The Higher Education Amendments of 1972, P.L. 92-318 (86 Stat. 235, enacted June 23, 1972) are a major landmark in federal education policy. For an extensive discussion of the law, see Thomas Wolanin and Lawrence Gladieux, Congress and the Colleges, (Lexington, Mass.: D.C. Heath, 1976). See also, Chester E. Finn, Jr., Education and the Presidency, (Lexington, Mass.: D.C. Heath, 1977).

13 See Finn, Ibid.

14 Public Law 94-142, 89 Stat. 773, enacted November 29, 1975.

15 Public Law 94-482, 90 Stat. 2081, enacted October 1, 1976.

16 Public Law 95-566, signed on November 1, 1978.

17 Public Law 96-374, signed on October 3, 1980.

18 For an analysis of the problems confronting the National Institute of Education, see: Chester E. Finn, Jr., "What the NIE Cannot Be," Phi Delta Kappan, February 1983, 407-410.

19 The vast expansion in student borrowing following MISAA should not obscure the fact that the program did exactly what it was designed to do: it provided loans of convenience for families with children in college. That the idea was probably bad public policy and that budget costs quickly spun out of control is clearly important, but the fact remains that the law did what the Carter Administration and the Congress intended.

20 Cited in Derek Bok, Beyond the Ivory Tower, (Cambridge, Mass,: Harvard University Press, 1982), 37-38.

21 There have been some notable exceptions: New Mexico, for example, refused to accept federal aid for handicapped children because of federal regulations under P.L. 94-142. Ironically, New Mexico has a state special education program that is virtually identical to federal law. At the postsecondary level, some small institutions have refused to accept federal aid for fear of entanglements it would create. Grove City College is perhaps the best example of this, and a case involving the college's refusal to sign a Title IX (sex discrimination) agreement with the federal government was recently argued before the U.S. Supreme Court. (Grove City College v. Bell)

22 Twentieth Century Fund, Making the Grade, (New York: Twentieth Century Fund, 1983), p. 65.

23 Department of Education budget documents.

[24] Republican National Convention, Republican Party Platform, July 14, 1980, Detroit, Michigan.

[25] Ronald F. Docksai, "The Department of Education," in Charles L. Heatherly, ed., Mandate for Leadership, (Washington, D.C.: The Heritage Foundation, 1980), pp. 163-211.

[26] Ibid, 166.

[27] U.S. Office of Management and Budget, A Program for Economic Recovery, (Washington, D.C.: Government Printing Office, 1981).

[28] Head Start is an $800 million program providing education and socialization services to disadvantaged preschool children. Not everyone considers this an education program. Indeed, Head Start is administered by the Department of Health and Human Services, not the Department of Education. For a more complete discussion of changes in Head Start and other social service programs, see, Michael F. Gutowski and Jeffrey J. Koshel, "Social Services," in John L. Palmer and Isabel V. Sawhill, eds., The Reagan Experiment, (Washington, D.C.: Urban Institute Pres, 1982), pp. 307-328.

[29] Office of Management and Budget, Budget of the United States of America, 1982, (Washington, D.C.: Government Printing Office, 1982), 214.

[30] Interest on federal student loans is not charged to students during the period they are in school. These charges are paid by the federal government. Federal payment of this interest is known as the in-school subsidy.

[31] U.S. Office of Management and Budget, Fiscal Year 1982 Budget Revisions, (Washington, D.C.: Government Printing Office, 1981). See also, Office of Management and Budget, Additional Details on Budget Savings.

[32] Most federal education programs are forward funded, so the 1982 fiscal year budget (which would begin on October 1, 1981) contained funds for the 1982-83 school year. However, rescissions in the FY 1981 budget would have reduced funds for the 1981-82 academic year. The Reagan rescissions would have reduced federal education appropriations for fiscal year 1981 by $2.1 billion belowthe Carter budget request.

[33] Material on the President's budget requests for 1982, 1983, and 1984 is drawn primarily from U.S. Office of Management and Budget, Budget of the United States, (Washington, D.C.: Government Printing Office, selected years). Other sources include: Paul M. Irwin, et al., "Impact of Budget Changes in Major Education Programs During the Reagan Administration," Education and Public Welfare Division, Congressional Research Service, Library of Congress, July 19, 1983; Angela Giordano-Evans, "Education: FY 81 and FY 82 Funding Issues," Education and Public Welfare Division, Congressional Research Service, Library of Congress, July 15, 1982; Angela Evans, "Education: FY 83 and FY 84 Funding Issues," Education and Public Welfare Division, Congressional

Research Service, Library of Congress, November 2, 1983; Angela Evans, "Overview and Analysis of the Reagan Administration's Budget Requests for Programs Administered by the Department of Education," Education and Public Welfare Division, Congressional Research Service, Library of Congress, June 24, 1983; American Council on Education, "Student Aid Cuts in the Reagan Administration," Washington, D.C., June 6, 1983, xerox; U.S. Congress, House of Representatives, Committee on Education and Labor, Subcommittee on Postsecondary Education, Staff Report and Fiscal Year 1984 Budget Analysis of Programs Under the Jurisdiction of the Subcommittee on Postsecondary Education, 98th Congress, 1st session, 1983.

34 Public Law 97-35, enacted August 13, 1981.

35 Quoted in Dale Tate, "Reconciliation Spending Cut Bill Sent to Reagan," Congressional Quarterly Weekly Report, Vol. 39, No. 31, August 1, 1981, 1371.

36 Quoted in Helen Dewar and Spencer Rich, "House Democrats Threaten to Hold Up Action on Budget Cuts," Washington Post, July 30, 1981, p. 1.

37 For more detailed summaries of changes enacted in the Omnibus Budget Reconciliation Act of 1981, consult the following sources: K. Forbis Jordan and Paul M. Irwin, Education Consolidation and Improvement Act of 1981," Education and Public Welfare Division, Congressional Research Service, Library of Congress, August 1981; June O'Neill and Margaret Simms, "Education" in John L. Palmer and Isabel V. Sawhill, eds., The Reagan Experiment, (Washington, D.C.: Urban Institute Press, 1982), pp. 329-360; David S. Osman, "Summary of Amendments to the Guaranteed Student Loan (GSL) Program under the Omnibus Budget Reconciliation Act of 1981," Education and Public Welfare Division, Congressional Research Service, Library of Congress, September 1981.

38 Education Consolidation and Improvement Act of 1981, Chapter 1, Sec. 552.

39 By-pass provisions allow the U.S. Secretary of Education to arrange for direct services to private school students if any state department of education is unable or unwilling to do so. By-pass provisions have been exercised in Missouri and Virginia where state constitutional provisions limit state ability to serve pupils in private schools.

In a number of states, so-called "Blaine Amendments" (named in honor of Speaker of the House James G. Blaine, an ardent anti-Catholic) are more restrictive than the First Amendment to the U.S. Constitution. California's is typical.

40 For general information about the Reconciliation Act provisions, see, Congressional Quarterly Weekly Report, "Reconciliation Roundup," Vol. 39, No. 33, August 15, 1981, pp. 1461-1520; see also, American Enterprise Institute, Review: 1981 Session of the Congress, 97th Congress, 1st session, Washington, D.C.: American Enterprise Institute, 1983.

[41] David S. Osman, "Summary of Amendments to the Guaranteed Student Loan (GSL) Program Under the Omnibus Budget Reconciliation Act of 1981, Education and Public Welfare Division, Congressional Research Service, Library of Congress, 1981.

[42] Dale Tate, "New Reagan Budget Cuts Face Stiff Fight," Congressional Quarterly Weekly Report, Vol. 39, No. 39, 1819-1821.

[43] Harrison Donnelly, "Weekend Contest Produces 3-Week Funding Accord; Government Shutdown Ends," Congressional Quarterly Weekly Report, November 28, 1981, pp. 2324-2327.

[44] See, American Council on Education," Student Aid Cuts in the Reagan Administration," June 6, 1983, p. 3. See also, Angela Evans, "Overview and Analysis of the Reagan Administration's Budget Requests for Programs Administered by the Department of Education, Education and Public Welfare Division, Congressional Research Service, Library of Congress, June 1983.

[45] U.S. Office of Management and Budget, Budget of the United States, 1983, (Washington, D.C.: Government Printing Office, 1982), 5-110.

[46] U.S. Office of Management and Budget, Budget of the United States, 1984, (Washington, D.C.: Government Printing Office, 1983), Sec. 5, pp. 87-88.

[47] Lau v. Nichols, 414 U.S.563 (1974). Technically, the Supreme Court upheld a 1970 Office of Civil Rights (OCR) policy that extended Title VI of the Civil Rights Act of 1964 to language-minority children.

[48] "Bell Withdraws Proposed Bilingual Education Regulations," Education Times, Feb. 9, 1981, p. 1. For a more complete review of federal policy in this area see, Iris C. Rotberg. "Some Legal and Research Considerations in Establishing Federal Policy in Bilingual Education," Harvard Educational Review, Vol. 52, No. 2, May 1982, pp. 149-168.

[49] This measure, passed on November 18, 1983, has not, as yet, been signed into law. See, House Report 98-574, Congressional Record, November 18, 1983.

[50] Proposed Rules: "Assistant to States for Education of Handicapped Children," Federal Register, Vol. 47, No. 150, August 4, 1982, pp. 33836-33860.

[51] Modification of Notice of Proposed Rulemaking: "Assistance to States for Education of Handicapped Children," Federal Register, Volume 47, No. 213, November 3, 1982, pp. 49871-49872.

[52] Statement reported in Education Week interview, November 15, 1983.

[53] Bob Jones University v. United States, and Goldsboro Christian Schools, Inc. v. United States, 76 L Ed. 2d 157, decided May 24, 1983.

54 For more detailed information see, David M. Ackerman, "Legal Context of the Controversy Concerning the Tax Exempt Status of Private Schools that Discriminate on the Basis of Race," Congressional Research Service, Library of Congress, October 5, 1983. See also, Denis P. Doyle, "The Sometimes Uncertain Course of Deregulation of Federal Education Programs," Education Times, March 15, 1982.

55 It should be emphasized that some appointments to the Department have been exceptionally good. Secretary Bell has, from the perspective of many educators, at least managed to keep the place afloat. Undersecretary Gary Jones, NIE Director Manuel Justiz, and Assistant Secretary Madeline Will are also among those highly regarded by the education community.

56 For more details see, U.S. Office of Management and budget, Major Themes and Additional Budget Details, Fiscal Year 1984, (Washington, D.C.: Government Printing Office, 1983), pp. 98-99.

57 The Reagan Administration expected the vote would be much closer. Vice President Bush was present on the Senate floor to cast a tie-breaking vote in his capacity as President of the Senate. Obviously, Bush's presence was not necessary. For more information see, Tom Mirga, "Senate Defeats Tax-Credit Bill by 21 Votes," Education Week, Nov. 23, 1983, p. 1.

58 The 1984 budget, like the 1983 document, also proposed changes in the GSL program. These have been discussed earlier. For additional information see, U.S. Office of Management and Budget, Major Themes and Additional Details, pp. 96-97.

59 National Commission on Excellence in Education, A Nation At Risk, (Washington, D.C.: Government Printing Office, 1983), p. 5.

60 Other major studies include Twentieth Century Fund, Making the Grade, (New York: Twentieth Century Fund, 1983); National Science Board Commission on Precollege Education in Mathematics, Science and Technology, Educating Americans for the Twenty-First Century, (Washington, D.C.: National Science Foundation, 1983); Ernest Boyer, High School, (New York: Harper & Row, 1983).

61 Information about the initial impact of the Reagan budget and policy changes is drawn from a variety of sources. See, for example, American Association of School Administrators, Impact of Chapter 2 of ECIA on Local Education Agencies, (Arlington, Va.: AASA, March 1983); American Council on Education, "Student Aid Cuts in the Reagan Administration," (Washington, D.C.: American Council on Education, June 1983, xerox); Anne H. Hastings and Ted Bartell, The Effects of Chapter II Consolidation on the Administration and Paperwork Requirements for Local School Districts, June 1983; McLean, Va.: Advanced Technology, June 1983; Paul Irwin, et al., "Impact of Budget Changes in Major Education Programs During the Reagan Administration," Education and Public Welfare Division, Congressional Research Service, Library of Congress, July 19, 1983; Virginia Hodgkinson and Julianne Still Thrift, "Recent Trends in Financial Aid to Students Attending Independent

Colleges and Universities," Washington, D.C.: National Association of Independent Colleges and Universities, August 1982; Richard K. Jung and Ted Bartell, Fiscal Effects of the Chapter 2 ECIA Block Grant on the Largest School Districts and Cities, McLean, Va.: Advanced Technology, May 1983; Michael Knapp, et al., Cumulative Effects of Federal Education Policies on Schools and Districts, Menlo Park, Calif.: SRI International, 1983; Mary Moore, et al., The Interaction Between Federal and Related State Education Programs, Washington, D.C.: Educational Testing Service, 1983; U.S. Congress, House of Representatives, Committee on Education and Labor, Staff Report and Fiscal Year 1984 Budget Analysis, 98th Congress, 1st session, April 1983.

62 William H. Wilken, School Cost Management, Vol. 1, No. 14, October 31, 1983, p. 7.

63 Estimating the cost of a tuition tax credit program is notoriously difficult. Obviously, the amount of the credit and eligibility requirements will affect the cost. There are, however, more fundamenal problems. One difficulty is utilization: there is no way to determine how many people would take advantage of such a program. Indeed, a 1982 telephone survey for the Department of Education to assess likely utilization found that many parents were unfamiliar with the concept of tax credits for educational purposes. Thus, it is not possible to say what percentage of families would use tuition tax credits. A second problem is that it is impossible to determine how many people have access to private schools. Even if it were possible to assume the percentage of families that would use a tax credit, it is not clear that all of them could use it. Given this, any attempt to estimate the budgetary cost must be made very carefully. For a more complete discussion of the problems see, School Finance Project, Private Elementary and Secondary Education, (Washington, D.C.: Department of Education, 1982).

64 See especially, James S. Coleman, Thomas Hoffer and Sally Kilgore, High School Achievement, (New York: Basic Books, 1982).

TABLE I

MAJOR BUDGET REQUESTS AND FINAL APPROPRIATIONS

FOR U.S. DEPARTMENT OF EDUCATION,

FISCAL YEARS 1980 - 1984 (IN THOUSANDS)

	1980	1981			1982				1983		1984	
	Appropriation	Carter Req.	Reagan Req. (Mar. '81)	Appropriation	Carter Req. (Jan. '81)	Reagan Req. (Mar. '81)	Reagan Req. (Sept. '81)	Appropriation	Reagan Req. (Feb. '82)	Appropriation	Reagan Req.	Appropriation
Elementary/Secondary Programs												
ECIA Chapter 1	3,715,591	3,514,772	2,636,028	3,104,317	1,830,777	2,811,818	2,474,400	4,033,969	1,962,000	3,700,895	3,013,969	3,480,000
ECIA Chapter 2	742,896[a]	612,258[a]	491,977	521,485[a]	484,616[a]	561,166	518,643	470,941	411,000	479,470	478,879	479,470
Impact Aid	355,000	367,000	448,500	681,750	126,000	126,000	286,800	456,200	286,800	560,200	455,000	585,000
Indian Education	75,900	80,782	81,680	81,680	101,816	81,096	71,164	77,852	58,119	69,185	1,751	68,780
Handicapped Education	1,069,025	1,107,050	834,117	1,025,731	1,215,235	890,350	781,508	1,068,580	845,668	1,099,602	1,110,252	1,299,445
Rehabilitation Services	932,620	961,875	943,552	958,749	1,030,716	726,406	861,000	957,171	650,000	1,065,367	1,015,727	1,121,600
Vocational and Adult Ed.	903,841	899,241	674,430	781,639	901,241	719,393	631,925	767,186	500,000[a]	823,661	500,000[a]	838,475
Libraries	79,448	86,655	86,665	86,405	92,988	66,047	58,117	80,080	0-	130,120	0-	86,880
Bilingual Education	191,463	189,089	134,822	161,477	209,000	143,819	126,551	138,058	94,534	138,057	94,534	139,365
Postsecondary Programs												
Pell Grants	2,157,378	2,970,000	2,820,000	2,604,000	2,752,000	2,486,000	2,187,680	2,419,060	1,409,000	2,419,060	2,661,000[a]	2,900,000
Supplemental Grants	370,000	370,000	370,000	370,000	400,000	370,000	325,600	355,500	0	355,500	-0-	325,000
Work-Study	550,000	555,000	555,000	555,000	555,000	555,000	488,400	528,000	397,500	528,000	850,000	555,000
Direct Loans (all parts)	200,000	200,000	200,000	200,000	111,000	111,000	273,680	191,360	2,500	191,360	4,000	180,860
State Incentive Grants	76,250	76,250	76,250	76,250	76,250	76,250	67,540	71,680	0	69,000	-0-	76,000
Guaranteed Student Loans	1,609,344	2,231,751	1,847,076	2,535,470	2,165,576	1,771,866	2,609,669	1,071,866	2,484,611	1,100,500	2,047,109	2,256,500
Other Programs												
Special Institutions[b]	191,932	208,977	208,977	208,977	253,137	253,137	228,424	228,500				
Research and Statistics[c]	84,061	88,997	84,061	74,561	97,196	70,947	62,433	61,979	228,421	228,500	248,810	232,700
Other Programs	838,566	836,041	775,216	779,507	1,816,659	780,191	677,470	775,807	63,197	64,201	56,978	56,978
									571,891	865,297	980,647	808,177
Total, Dept. of Education	14,177,567	15,577,018	13,469,618	14,807,743	16,969,707	13,003,132	12,525,894	14,779,649	9,950,538	15,472,286	13,177,439	15,379,480

1985 Appropriation includes PL 98-139 and 1984 Second Continuing Resolution.

[a] Antecedent programs
[b] Proposed consolidation
[c] Proposed Self-Help program

[b] Includes federal support for American Printing House for the Blind, National Technical Institute for the Deaf, Gallaudet College, and Howard University.

[c] Includes the National Institute of Education and the National Center for Education Statistics.

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TABLE 2

CHANGE IN FEDERAL EDUCATION APPROPRIATIONS
FISCAL YEARS 1980-1984

	1980 Appropriation	1981 Appropriation	1982 Appropriation	1983 Appropriation	1984 Appropriation
Major Elementary/Secondary Programs[a]					
Appropriations					
Current Dollars	7,943,786	8,855,683	7,020,037	7,545,986	8,038,765
Constant (1980) Dollars	-	8,094,774	6,051,756	6,220,928	6,309,863
Increase (Decrease) since 1980					
Current Dollars	-	11.5	(11.6)	(5.0)	1.2
Constant (1980) Dollars[e]	-	1.9	(23.8)	(21.6)	(20.6)
Major Postsecondary Programs[b]					
Appropriations					
Current Dollars	5,064,222	6,342,020	6,643,326	6,718,300	6,243,360
Constant Dollars	-	5,797,032	5,727,005	5,538,582	4,900,597
Increase (Decrease) since 1980					
Current Dollars	-	25.2	31.2	32.7	23.3
Constant (1980) Dollars	-	14.5	13.1	9.4	(3.2)
Guaranteed Student Loans					
Appropriations					
Current Dollars	1,069,344	2,535,470	3,073,846	3,100,500	2,256,500
Constant (1980) Dollars	-	2,317,614	2,649,867	2,556,059	1,771,193
Increase (Decrease) since 1980					
Current Dollars	-	137.1	187.5	190.0	110.0
Constant (1980) Dollars	-	116.7	147.8	139.0	65.6
Total Federal Spending, Less GSL[c]					
Appropriations					
Current Dollars	12,513,203	12,272,273	11,655,803	12,321,780	13,122,980
Constant (1980) Dollars	-	11,217,800	10,048,106	10,158,104	10,300,612
Increase (Decrease) since 1980					
Current Dollars	-	(1.9)	(6.9)	(1.5)	4.9
Constant (1980) Dollars	-	(10.4)	(19.7)	(18.8)	(17.7)
Total Federal Spending[d]					
Appropriations					
Current Dollars	14,122,547	14,807,743	14,729,649	15,422,280	15,379,480
Constant (1980) Dollars	-	13,535,414	12,697,973	12,714,163	12,071,805
Increase (Decrease) since 1980					
Current Dollars	-	4.8	4.3	9.2	8.9
Constant (1980) Dollars	-	(4.1)	(10.1)	(10.0)	(14.5)

Notes: (Table 2)

[a] Elementary/Secondary Programs include appropriations for: ECIA Chapter 1, ECIA Chapter 2, Impact Aid, Indian Education, Handicapped Education, Rehabilitation Services, Vocational and Adult Education, Libraries, and Bilingual Education. Appropriations for specific programs found in Table 1.

[b] Postsecondary Programs include: Pell Grants, Supplemental Grants, Work-Study, Direct Loans, State Incentive Grants, Guaranteed Student Loans.

[c] Includes all Department of Education spending less appropriations for Guaranteed Student Loans.

[d] Includes all Department of Education appropriations.

[e] Real change measured by changes in GNP deflator, 4th quarter to 4th quarter. Source: Office of Management and Budget, mid-session review of the budget.